

Decision 00-10-064 October 19, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application for Approval of Agreement and Plan of Merger By and Among World Access, Inc., WorldxChange Communications, Inc. and Communication Telesystems International D/B/A Worldxchange, and Request for Expedited Ex Parte Relief.

Application 00-05-059
(Filed May 17, 2000)

O P I N I O N

I. Summary

By this order, we grant applicants World Access, Inc. (WAXS), WorldxChange Communications, Inc (WxC), and Communication Telesystems International (CTI) authority to merge CTI with WAXS and into WxC pursuant to the terms and conditions set forth in the Agreement and Plan of Merger attached to the application as Exhibit A. All sanctions previously imposed by the Commission on CTI shall be extended to WxC and to any of its successor entities.

II. Categorization

Applicants have requested that this matter be categorized as ratesetting and that no hearings are necessary. By Resolution ALJ 176-3040, dated June 8, 2000, the Commission preliminary determined that this was a ratesetting proceeding, and determined that no hearings were expected. Notice of this application appeared in the Commission's Daily Calendar of June 1, 2000.

The Commission's Consumer Services Division (CSD) filed a protest of this application on June 30, 2000. However, CSD did not address the categorization

of this proceeding as set forth in Rule 6(a)(1) of the Commission's Rules of Practice and Procedure (Rules). Absent opposition to the categorization of this proceeding, we affirm the preliminary determination made in Resolution ALJ 176-3040 that this is a ratesetting proceeding. The protest filed by CSD is addressed in a subsequent section of this order.

III. Jurisdiction

This application was filed pursuant to Sections 851 to 854(a) of the Public Utilities Code.¹ Section 854 precludes any person or corporation from transferring the control of any public utility organized and doing business in this state without first securing authorization to do so from this Commission. The additional criteria needed for authority to transfer control of a utility set forth in subsection (b) and (c) of § 854 are not applicable in this instance because none of the applicants have gross annual California revenues exceeding \$500 million.

IV. The Parties

CTI, a California corporation, is a non-dominant carrier that provides switched-based and resold domestic and international long distance and alternate operator services. Its principal offices are located in San Diego, California. CTI is a global telecommunications company operating 46 switches in conjunction with owned and leased interests in 24 undersea cable systems and seven satellite earth stations. According to this application, CTI specializes in providing high quality, low cost retail and wholesale long distance services in the United States and 13 countries which include the United Kingdom, France,

¹ All statutory references are to the Public Utilities Code unless otherwise stated.

Germany, Spain, the Netherlands, Belgium, Chile, Guatemala, Australia, Canada, and New Zealand.

CTI was granted a Certificate of Public Convenience and Necessity (CPCN) to offer resold inter-local access and transport area (interLATA) telecommunications services pursuant to Decision (D.) 92-06-007² and intraLATA service pursuant to D.93-04-063³ under the corporate identification number U-5273-C. The application states that in compliance with Commission orders, CTI is not currently providing any intrastate telecommunications services subject to Commission jurisdiction.

WAXS, a Delaware corporation qualified to do business in California, is a holding company for a group of diversified telecommunications service providers with an advanced global communications network consisting of digital facilities located in the United States and numerous European countries. Its principal offices are located in Atlanta, Georgia. WAXS, through numerous operating subsidiaries, provides international long distance voice, data, and Internet transport services on a wholesale basis to other long distance and global carriers and on a retail basis directly to customers. Subsequent to the filing of this application, WAXS filed an entirely separate and independent application for approval of a proposed agreement and plan of merger with Star Telecommunications, Inc., Application 00-06-039, dated June 27, 2000.

WxC, a Delaware corporation qualified to do business in California, is a wholly owned subsidiary of WAXS. WxC was formed strictly for the purpose of

² 44 CPUC2d 470, identified but not reported, (1992).

³ 49 CPUC2d 146 (1993).

effectuating the acquisition and merger of CTI. Its principal offices are located in Wilmington, Delaware.

V. The Transaction

Through implementation of the merger agreement, CTI will be acquired by WAXS and will merge with and into WxC. The separate corporate existence of CTI will then cease to exist and WxC will continue as the surviving corporation. The effect of this transaction will be that WAXS will acquire all of the issued and outstanding shares of CTI common stock for equitable consideration, and control of CTI will be transferred to WAXS. WxC will continue to operate as CTI currently operates, but will do so under new ownership and under the executive control of WAXS as set forth in Exhibits C-4 and C-5 attached to the application.

After the merger transaction is completed and to the extent permitted by this Commission, WxC may provide intrastate service to California consumers under CTI's present operating authority and tariffs. WxC may also provide services on an unregulated basis to the extent applicable laws and regulations permit.

Applicants also requested, as part of the application, an order relieving the successor entities to CTI resulting from this merger, from any continuing or future sanctions imposed on CTI in D.97-05-089,⁴ and as modified by D.97-10-063.

VI. Protest

CSD filed a protest to the application pursuant to Rule 44. CSD did not oppose the merger as requested and did not seek an evidentiary hearing.

⁴ 72 CPUC2d 621 (1997).

However, CSD did oppose applicants' request for an order relieving CTI's successor entity from sanctions imposed on CTI for its slamming practices because applicants failed to justify rescinding the sanctions. Subsequently, on September 6, 2000, CSD entered into a settlement agreement with applicants. This settlement is discussed in a subsequent section of this order, and is attached as Appendix A.

VII. Discussion

We address three issues in considering whether this application should be approved. These issues are whether WAXS is qualified to acquire control of CTI, whether the proposed settlement agreement should be adopted, and whether the sanctions imposed on CTI should be rescinded. Because we need reach the settlement agreement and sanctions rescission issues only if we find that WAXS satisfies the Commission's rules for acquiring control of CTI, we address the qualifications of WAXS first.

A. Qualifications of WAXS

In a situation where a company not possessing a CPCN desires to acquire control of a company that does possess a CPCN, we apply the same requirements as in the case of an applicant seeking a CPCN to exercise the type of authority held by the company being acquired. Since CTI possesses a CPCN to act as a reseller of interexchange telecommunications services within California, we will apply the requirements for such authority to WAXS.

The Commission has established two major criteria for determining whether a CPCN should be granted. An applicant who desires to act as a switchless reseller must demonstrate that it has a minimum of \$25,000 in cash or cash equivalent (as described in D.91-05-010, 41 CPUC2d 505 at 520 (1991)), reasonably liquid and readily available to meet the firm's start-up costs. In

addition, the applicant is required to make a reasonable showing of technical expertise in telecommunications or a related business.

To demonstrate its satisfaction of the financial resource requirement, WAXS submitted a copy of its December 31, 1999 Form 10-K filed with the Securities and Exchange Commission, as Exhibit F-1 to the application. WAXS also submitted a pro forma balance sheet giving effect to the merger under seal pursuant to Public Utilities Code Section 853. Good cause appearing, the financial information was placed under seal pursuant to a June 23, 2000 Administrative Law Judge (ALJ) ruling. The financial information placed under seal should remain under seal for one year from the date of this order.

WAXS' management consists of individuals with, on average, over 20 years of experience in the telecommunications industry. The individual background and experience of WAXS' executive management is summarized in Exhibit D to the application. The ownership and control of CTI will be substantially different after the merger is completed. No major shareholder of CTI will have an ownership interest of 10% or more of the combined company. The technical, managerial and financial personnel of WAXS, in addition to some current CTI employees, will become the technical, managerial and financial personnel of the surviving corporation after this transaction.

The financial and technical telecommunications expertise criteria required for a CPCN have been satisfied. Hence, WAXS meets the Commission's requirements to provide the requisite service.

No new construction is being proposed. Accordingly, there is no possibility that the proposed transaction contemplated herein may have any significant impact on the environment.

Approval of this proposed merger will enable WAXS and CTI to combine and expand their network facilities, reduce operating costs, make more efficient use of existing telecommunications network facilities, and increase access to capital markets. Approval will also enable applicants to meet the growing demand for broadband telecommunications infrastructure.

WAXS, and WXC as the wholly owned subsidiary of WAXS, satisfy the Commission's financial and technical expertise requirement for the proposed merger. The proposed merger should be approved subject to the results of the following discussion of the settlement agreement and sanctions.

B. CTI Sanctions

CTI was sanctioned by the Commission for switching consumers' long-distance carriers without the consumers' authorization, in violation of § 2889.5, as set forth in D.97-05-089 and modified by D.97-10-063. These sanctions included:

- a. A suspension of CTI's intrastate California operating authority for a period of three years, until October 22, 2000.
- b. A permanent suspension of CTI's right to submit PIC changes to LECs, but with a provision for reinstatement of this right two years after CTI's intrastate California operating authority is reinstated.
- c. A \$19.6 million fine, \$17.6 million of which was suspended pending any further violations of statute, or Commission directives.
- d. A \$1.9 million payment in reparations to its customers.
- e. Reimbursement to the Commission for its investigation costs.

Under the terms of the Commission's orders, these sanctions are binding on any successor entity of CTI unless and until the Commission orders differently.⁵ Of the above listed sanctions imposed on CTI, the \$1.9 million reparations payment to customers and the reimbursement of investigation costs to the Commission have been fully satisfied. Hence, absent further order of the Commission, CTI's suspension of intrastate California operating authority, right to submit PIC changes to California local exchange carriers, and the \$17.6 million stayed fine would carry over and extend to WxC after the acquisition and merger of CTI by and with WAXS into WxC.

Because neither D.97-05-089 nor D.97-10-063 provided specific criteria for a CTI successor entity to seek relief from the sanctions imposed on CTI, applicants submitted information they deemed appropriate to demonstrate that CTI's successor should be relieved from the continuing sanctions upon consummation of the proposed merger. CSD did not believe that applicants justified their request to rescind the sanctions imposed on CTI.

1. Applicants' Initial Position

In the application, applicants provided four primary reasons supporting relieving a successor entity of CTI from the sanctions imposed on CTI for past actions. First, applicants asserted that CTI satisfied the purpose for which the sanctions were imposed on CTI. This is because CTI terminated all intrastate service to California customers for almost three years and it paid over \$3.9 million in reparations, fines penalties and reimbursements.

⁵ 72 CPUC2d, at 643.

Second, applicants assert that the proposed merger satisfies the Commission's intent to extend the sanctions to successor companies to prevent an evasion of the substantive effect of the sanctions through a "sham" transfer or sale of assets or authority. The proposed merger is the result of an arms length transaction.

Applicants' third reason was that the controlling entity of the surviving company would have entirely different executive officers, directors and majority shareholders than CTI.

Applicants' fourth reason to rescind the CTI sanctions was that the merger agreement does not require the continued employment of CTI's Executive Vice President and Director Edward Soren or CTI's Chief Executive Officer and Director Roger Abbott. However, as a condition for Commission approval of the merger, applicants would agree that neither Soren nor Abbott will have any management responsibility or authority for any intrastate California business operations subject to the Commission's jurisdiction for at least 24 months after consummation of the merger.

Applicants concluded that any extension of the sanctions would only harm CTI's successor and substantially undermine the benefits of the merger to both applicants and customers. This is because the sanctions would preclude the surviving entity from competing with other companies free of such restrictions, impede its ability to serve the California intrastate markets efficiently and effectively, and impede its ability to raise capital necessary for network. Further, applicants concluded that any continuation of the sanctions would harm customers because the sanctions would deprive customers of the competitive benefits the merger would otherwise provide.

2. CSD's Position

Contrary to applicants' understanding that the sanctions were imposed on CTI and any successor entity to avoid a sham transfer, CSD believes that the Commission imposed the sanctions on successor entities to deter CTI from escaping from the sanctions by merging with another company.

CSD also disputes applicants' claim that the new entity will consist of entirely different offices, directors and major shareholders. CSD points out that the application specifically shows that the Chairman of the Board of CTI will become the Chairman of the Board of the surviving corporation, as shown in Exhibit C-3 and C-4 to the application. Also, the Chief Executive Officer and Executive Vice President of CTI, who are also directors and major shareholders of CTI, will continue to have a share of the new company. The Chief Executive Officer of CTI, as the largest shareholder of CTI with 26.6% of its outstanding shares, will become the third largest shareholder of WAXS with 6.4% of the outstanding shares of WAXS. The Executive Vice President of CTI, as the third largest shareholder of CTI with 14.9% of its outstanding shares, will become the sixth largest shareholder of WAXS with 3.4% of the outstanding shares of WAXS. CSD does not believe that the exclusion of two persons from management of the successor entity for two years justifies rescinding the sanctions on CTI's successor.

Finally, CSD objects to rescinding the sanctions on any successor company of CTI because the sanctions have not curtailed consumer complaints against CTI. CSD points out that the Commission's Consumer Affairs Branch has received 24 complaints against CTI since January 1998.

CSD concludes that the applicants' have not justified their request to rescind the sanctions imposed on CTI. However, CSD did not object to a

lowering of the \$17.6 million stayed fine if a substantial portion of the stayed fine remains in place to provide deterrence for CTI and protection for California consumers.⁶ CSD further recommended that any stayed fine remain in place for at least three years after the 24-month self-imposed hiatus of the Chief Executive Officer and Executive Vice President of CTI from management of the surviving entity.

3. Proposed Settlement

On September 7, 2000, applicants and CSD filed an all-party settlement agreement with the Docket Office. Attached to that agreement was a motion for approval of the settlement agreement.

The all-party settlement agreement proposes that:

- a. Applicants' request for order relieving CTI's successor entities from the sanctions imposed on CTI is withdrawn.
- b. CSD 's protest is withdrawn.
- c. The \$17.6 million suspended fine imposed on CTI is extended to WxC, and to any successor entities of WxC.

Article 13.5 of the Commission's Rules set forth the procedure for parties to settle on a mutually acceptable outcome to the proceeding. Prior to the signing of any settlement agreement, Rule 51.1(b) requires that the settling parties convene at least one conference and provide all parties with written notice and an opportunity to participate in settlement discussions. Because no party other than CSD protested the application and because the settlement

⁶ CSD did not recommend a specific amount of the stayed fine that should remain in place.

agreement fully resolves all issues raised by CSD in its protest, the parties seek a waiver of the requirement for a settlement meeting and for notice and comment on the settlement agreement, pursuant to Rule 51.10.

4. Discussion

Rule 51.10 provides that a motion for waiver of the settlement rules may be granted upon a demonstration that the public interest will not be impaired by the waiver of these rules in proceedings where all parties join in the proposed settlement agreement. The proposed settlement agreement provides for continuation of all sanctions imposed on CTI, including the suspended fine, as CSD has advocated in its protest, which is the key remaining sanction imposed by the Commission on CTI for its slamming activities. Given that the proposed settlement agreement does not propose any modification to the sanctions imposed on CTI, we find that the proposed settlement agreement is in the public interest. Applicants and CSD's joint motion for a waiver of the requirement for a settlement meeting and for notice and comment on the settlement agreement should be granted.

This merger is unique in that applicants initially sought to rescind sanctions imposed because of CTI's slamming activities. Such activities denied tens of thousands of Californians, almost exclusively within Spanish-speaking, Vietnamese and Chinese communities, their choice of long distance providers. Many of these consumers were making large numbers of overseas calls, and most of the consumers only had a very rudimentary knowledge of the English language.⁷ The slamming activities of CTI had the effect of undermining the full

⁷ D.97-10-063, p. 4.

and fair competition in the telecommunications markets that the Commission has sought to establish.⁸

These sanctions were imposed on CTI to protect the public interest and to firmly demonstrate that CTI's past conduct failed to meet the level of fair dealing and customer service that is expected of Commission-certificated utilities.⁹ Given the severity of past actions of CTI, the sanctions should not be dismissed merely because of a merger and formation of a successor entity. To do so would only result in a disservice to the tens of thousands of California consumers denied the freedom to receive telecommunications service from the carrier of their choice and do nothing to discourage similar behavior from other telecommunications' carriers. Hence, the sanctions should only be rescinded upon applicants demonstrating good cause in the public interest to do so.

(a) Merits to Rescind Sanctions

There is no dispute that CTI paid reparations, fines, penalties, and reimbursements, and refrained from offering intrastate telecommunications service for almost three years. However, these sanctions were only a small part of a penalty package imposed on CTI for its unauthorized transfer of customers from the customers' choice of carriers to CTI. A partial compliance of sanctions imposed on CTI for slamming does not provide a compelling reason or good cause to rescind the remaining sanctions.

Irrespective of applicants and CSD's dispute on whether the merger is an arms length transaction, applicants entered into this merger

⁸ 72 CPUC2d 621 at 640 (1997).

⁹ *Id.* at 639.

fully aware of the sanctions and fully aware that the sanctions would apply to any successor entity. The mere merger of a company, sanctioned for engaging in slamming practices, into an operating subsidiary of a holding company for a group of diversified telecommunications services does not in itself protect California consumers from continued violations or future slamming incidents. Rather, it may unintentionally encourage other mergers to avoid sanctions imposed on other entities engaging in slamming. Hence, the proposed merger, in itself, does not provide a compelling reason or good cause to rescind the remaining sanctions.

Complaints have been filed with the Consumer Affairs Branch. However, it should be noted that only one complaint has been filed against CTI since January 1999 and that none of the complaints resulted in a finding that CTI had violated any Commission rule. Such results demonstrate that the sanctions have been effective in protecting California consumers.

Applicants' proposal to staff the surviving entity with entirely different officers, directors, and major shareholders is a positive step in seeking an order that rescinds the remaining sanctions. Although CSD is concerned that the Chairman of the Board of CTI will become Chairman of the Board of the surviving entity, applicants have clarified in their July 13, 2000 response to the protest of CSD that this issue is moot. This is because the current Chairman of the Board of CTI was not associated with CTI during the period of time that CTI engaged in slamming activities and because the officer was instrumental in piloting CTI through its post-sanction years.

Another positive step in the proposed merger is that two of CTI's principal officers and directors, allegedly responsible for the establishment of sanctions, will not have any management responsibilities or

authority for intrastate California business operations subject to our jurisdiction for at least two years. However, applicants have not clearly explained what responsibility, if any, these officers will have with the new entity or its affiliated entities. Further, these same persons will continue to be shareholders of the surviving entity. As discussed in CSD's position on rescinding the sanctions, the Chief Executive Officer of CTI will become the third largest shareholder of the surviving entity with 6.4% of the outstanding shares of WAXS. The Executive Vice President of CTI will become the sixth largest shareholder of the surviving entity with 3.4% of the outstanding shares of WAXS. Together, these officers will have control of 9.8% of the outstanding shares of WAXS. The largest shareholder of WAXS will have control of 9.9% of its outstanding shares.

(b) Proposed Settlement

The Commission may reject a proposed settlement without hearing whenever it determines that the settlement is not in the public interest. In this instance, the all-party settlement agreement expressly revokes applicants' request to rescind the sanctions of CTI currently in effect and reaffirms that these sanctions would be extended to WxC and to any successor entities of WxC.

(c) Conclusion

We must not lose sight of the fact that these sanctions were imposed to protect the public from inappropriate business practices. Although applicants demonstrated that the surviving entity is divorcing itself from CTI, applicants have not proposed to take any specific action to ensure that California consumers will be protected from continued violations or future slamming incidents. Until such time that applicants or any of its successor entities are able to demonstrate substantial good cause to revoke the sanctions,

the sanctions should continue in effect. Hence, the sanctions of CTI currently in existence should continue to apply to WxC and to any successor entities of WxC.

Given that the proposed settlement agreement expressly affirms that the sanctions will continue to apply to WxC and to any successor entities of WxC and does not conflict with any prior Commission decision on CTI, we adopt the proposed settlement agreement between applicants and CSD. CSD's protest should be withdrawn as proposed in the settlement agreement. The following sanctions currently in effect for CTI should be extended to the surviving entity of CTI upon consummation of the proposed merger.

- a. Suspension of intrastate operating authority until October 22, 2000.
- b. A permanent suspension of the right to submit PIC changes to LECs with a provision for reinstatement of this right two years after intrastate operating authority is reinstated.
- c. A \$17.6 million suspended fine pending further violations of statute, or Commission directives.

Although CTI was provided specified time limitations or procedures to obtain relief from the various sanctions imposed in D.97-05-089, as modified by D.97-10-063, no such time limitation or procedure was established for its \$17.6 million suspended fine. That sanction was stayed pending any further violations of statute or Commission directive.¹⁰ Hence, the suspended fine remains in perpetuity absent Commission action. The sanctions were assessed to

¹⁰ *Id.* at 640 and 643.

balance the public interest with incentives for CTI to participate in the competitive telecommunications market on an equal basis with its competitors.

It was our intent to put CTI and any of its successor entities on probation, not to put them out of business. This perpetual sanction serves no useful purpose and provides no incentive for CTI or any of its successor entities to reenter the competitive PIC market. Hence we invite WxC or any of its successors to propose a procedure to rescind the \$17.6 million suspended fine at the time it submits an application for reinstatement of its right to submit PIC changes to LECs. This procedure should consist, at a minimum, of a petition to modify D.97-05-089 and D.97-10-063. It was in those decisions that the Commission imposed the \$17.6 million fine, and any request to rescind those provisions should involve a petition to modify. (*See* Pub. Util. Code § 1708; Rule 47.)

VIII. Expedited Ex Parte Request

The Public Utilities Code, and our Rules, generally require that proposed decisions be circulated to the public for comment, and the Commission not issue its decision any sooner than 30 days following the filing and service of the draft decision.¹¹ However, the time period for circulating a proposed decision and issuance of a Commission decision may be reduced or waived by the Commission upon the stipulation of all parties to the proceeding.¹²

Applicants and CSD, the only parties to this proceeding, request as part of the settlement agreement being adopted in this proceeding that the 30-day

¹¹ Public Utilities Code Section 311(g), and Rule 77.

¹² Public Utilities Code Section 311(d) and Rule 77.7(g).

period for public review and comment regarding the draft decision be waived. Pursuant to Rule 77.7(f)(2) the 30-day period for public review and comment of the draft decision in this proceeding is waived.

Findings of Fact

1. Applicants submitted confidential financial information under seal pursuant to General Order 66-C.
2. Resolution ALJ 176-3040 determined that this was a ratesetting proceeding and determined that no hearings were expected.
3. Notice of this application appeared in the Commission's Daily Calendar of June 1, 2000.
4. CSD filed a protest to the application on June 30, 2000.
5. This application has been filed pursuant to Sections 851 to 854(a).
6. WAXS seeks authority for its wholly owned-subsiidiary, WxC, to acquire control of CTI through a merger of CTI with and into WxC.
7. CTI will cease to exist and WxC will continue as the surviving corporation.
8. WAXS and WxC meet the Commission's requirements to provide the requisite service.
9. No new construction is being proposed.
10. An all-party settlement agreement was filed with the Docket Office on September 7, 2000.
11. The suspended fine remains in perpetuity absent Commission initiated action.
12. Rule 51.1(b) requires settling parties to convene at least one conference and provide all parties written notice and opportunity to participate in settlement discussions.

13. Applicants and CSD seek a waiver of the requirement for a settlement meeting and for notice and comment on the settlement agreement.

14. Rule 51.10 provides that a motion for waiver of the settlement rules may be granted upon a demonstration that the public interest will not be impaired by the waiver of these rules in proceedings where all parties join in the proposed settlement agreement.

15. Rule 77.7(f)(2) provides for a waiver of the 30-day period for public review and comment of the draft decision in an uncontested matter where the decision grants the relief requested.

Conclusions of Law

1. The financial information placed under seal should remain under seal.

2. The proposed transfer of control is not adverse to the public interest.

3. It can be seen with certainty that the proposed transfer will not have an adverse impact on the environment.

4. Applicants and CSD's joint motion for a waiver of the requirement for a settlement meeting and for notice and comment of the settlement agreement should be granted.

5. The all-party settlement agreement should be adopted.

6. The sanctions of CTI currently in existence should continue to apply to WxC and to any successor entity of WxC.

7. The 30-day period for public review and comment of the draft decision should be waived pursuant to Rule 77.7(f)(2).

8. Public convenience and necessity require the granting of this application to be effective on the date signed.

9. The application should be granted to the extent provided in the following order.

O R D E R

IT IS ORDERED that:

1. All data placed under seal in this proceeding shall remain sealed for a period of one year from the date of this order. The sealed data shall not be made accessible or disclosed to anyone other than Commission staff during the one-year time period. However, the sealed data may be disclosed upon the execution of a mutually acceptable nondisclosure agreement or on further order or ruling of the Commission or the Administrative Law Judge, then designated as the Law and Motion Judge.
2. The all-party settlement agreement attached to this order as Appendix A is adopted.
3. World Access, Inc. is authorized to acquire control of Communication Telesystems International (CTI) through the merger of CTI with and into WorldxChange Communications, Inc. (WxC) pursuant to the terms and conditions set forth in the Agreement and Plan of Merger described in the application.
4. The corporate identification number U-5273-C assigned to CTI shall continue to be used by WxC, which shall be included in all original filings and in the titles of other pleadings filed in existing cases.
5. The following sanctions imposed on CTI shall be extended to WxC and to any of its successor entities as provided for in Decision (D.) 97-05-089, as modified by D.97-10-063:
 - a. Suspension of intrastate operating authority until October 22, 2000.

- b. Suspension of the right to submit pre-subscribed interexchange carrier [PIC] changes to California Local Exchange Carriers with a provision for reinstatement of this right beginning October 22, 2002.
 - c. The \$17.6 million suspended fine shall continue in effect as provided for in D.97-05-089, as modified by D.97-10-063.
6. WxC shall file new tariffs incorporating CTI's Corporate Identification Number U-5273-C within 30 days of the effective date of this order.
7. The application is granted as set forth above and the authority granted shall expire if not exercised within one year of the effective date of this order.
8. Application 00-05-059 is closed.

This order is effective today.

Dated October 19, 2000, at Los Angeles, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
CARL W. WOOD
Commissioners

(See Formal Files for Appendix A.)